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 (Original Signature of Member)

110TH CONGRESS
 2D SESSION

H. R.

To provide economic stimulus through recovery rebates to individuals, incentives for business investment, and an increase in conforming and FHA loan limits.

IN THE HOUSE OF REPRESENTATIVES

Ms. PELOSI (for herself, Mr. BOEHNER, Mr. HOYER, Mr. BLUNT, Mr. CLYBURN, Mr. RANGEL, Mr. MCCRERY, Mr. OBEY, Mr. FRANK of Massachusetts, Mr. BACHUS, Mr. EMANUEL, Mr. LARSON of Connecticut, Ms. GRANGER, Ms. DELAURO, Mr. GEORGE MILLER of California, and Mr. BECERRA) introduced the following bill; which was referred to the Committee on _____

A BILL

To provide economic stimulus through recovery rebates to individuals, incentives for business investment, and an increase in conforming and FHA loan limits.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
 5 “Recovery Rebates and Economic Stimulus for the Amer-
 6 ican People Act of 2008”.

1 (b) TABLE OF CONTENTS.—The table of contents of
2 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—RECOVERY REBATES AND INCENTIVES FOR BUSINESS
INVESTMENT

Sec. 101. 2008 recovery rebates for individuals.

Sec. 102. Temporary increase in limitations on expensing of certain depreciable
business assets.

Sec. 103. Special allowance for certain property acquired during 2008.

TITLE II—HOUSING GSE AND FHA LOAN LIMITS

Sec. 201. Temporary conforming loan limit increase for Fannie Mae and
Freddie Mac.

Sec. 202. Temporary loan limit increase for FHA.

3 **TITLE I—RECOVERY REBATES**
4 **AND INCENTIVES FOR BUSI-**
5 **NESS INVESTMENT**

6 **SEC. 101. 2008 RECOVERY REBATES FOR INDIVIDUALS.**

7 (a) IN GENERAL.—Section 6428 of the Internal Rev-
8 enue Code of 1986 is amended to read as follows:

9 **“SEC. 6428. 2008 RECOVERY REBATES FOR INDIVIDUALS.**

10 “(a) IN GENERAL.—In the case of an eligible indi-
11 vidual, there shall be allowed as a credit against the tax
12 imposed by subtitle A for the first taxable year beginning
13 in 2008 an amount equal to the lesser of—

14 “(1) net income tax liability, or

15 “(2) \$600 (\$1,200 in the case of a joint re-
16 turn).

17 “(b) SPECIAL RULES.—

18 “(1) IN GENERAL.—In the case of a taxpayer
19 described in paragraph (2)—

1 “(A) the amount determined under sub-
2 section (a) shall not be less than \$300 (\$600 in
3 the case of a joint return), and

4 “(B) the amount determined under sub-
5 section (a) (after the application of subpara-
6 graph (A)) shall be increased by the product of
7 \$300 multiplied by the number of qualifying
8 children (within the meaning of section 24(e))
9 of the taxpayer.

10 “(2) TAXPAYER DESCRIBED.—A taxpayer is de-
11 scribed in this paragraph if the taxpayer—

12 “(A) has earned income of at least \$3,000,
13 or

14 “(B) has—

15 “(i) net income tax liability which is
16 greater than zero, and

17 “(ii) gross income which is greater
18 than the sum of the basic standard deduc-
19 tion plus the exemption amount (twice the
20 exemption amount in the case of a joint re-
21 turn).

22 “(c) TREATMENT OF CREDIT.—The credit allowed by
23 subsection (a) shall be treated as allowed by subpart C
24 of part IV of subchapter A of chapter 1.

1 “(d) LIMITATION BASED ON ADJUSTED GROSS IN-
2 COME.—The amount of the credit allowed by subsection
3 (a) (determined without regard to this subsection and sub-
4 section (f)) shall be reduced (but not below zero) by 5 per-
5 cent of so much of the taxpayer’s adjusted gross income
6 as exceeds \$75,000 (\$150,000 in the case of a joint re-
7 turn).

8 “(e) DEFINITIONS.—For purposes of this section—

9 “(1) NET INCOME TAX LIABILITY.—The term
10 ‘net income tax liability’ means the excess of—

11 “(A) the sum of the taxpayer’s regular tax
12 liability (within the meaning of section 26(b))
13 and the tax imposed by section 55 for the tax-
14 able year, over

15 “(B) the credits allowed by part IV (other
16 than section 24 and subpart C thereof) of sub-
17 chapter A of chapter 1.

18 “(2) ELIGIBLE INDIVIDUAL.—The term ‘eligible
19 individual’ means any individual other than—

20 “(A) any nonresident alien individual,

21 “(B) any individual with respect to whom
22 a deduction under section 151 is allowable to
23 another taxpayer for a taxable year beginning
24 in the calendar year in which the individual’s
25 taxable year begins, and

1 “(C) an estate or trust.

2 “(3) EARNED INCOME.—The term ‘earned in-
3 come’ has the meaning set forth in section 32(c)(2)
4 except that—

5 “(A) subclause (II) of subparagraph
6 (B)(vi) thereof shall be applied by substituting
7 ‘January 1, 2009’ for ‘January 1, 2008’, and

8 “(B) such term shall not include net earn-
9 ings from self-employment which are not taken
10 into account in computing taxable income.

11 “(4) BASIC STANDARD DEDUCTION; EXEMPTION
12 AMOUNT.—The terms ‘basic standard deduction’ and
13 ‘exemption amount’ shall have the same respective
14 meanings as when used in section 6012(a).

15 “(f) COORDINATION WITH ADVANCE REFUNDS OF
16 CREDIT.—

17 “(1) IN GENERAL.—The amount of credit
18 which would (but for this paragraph) be allowable
19 under this section shall be reduced (but not below
20 zero) by the aggregate refunds and credits made or
21 allowed to the taxpayer under subsection (g). Any
22 failure to so reduce the credit shall be treated as
23 arising out of a mathematical or clerical error and
24 assessed according to section 6213(b)(1).

1 “(2) JOINT RETURNS.—In the case of a refund
2 or credit made or allowed under subsection (g) with
3 respect to a joint return, half of such refund or cred-
4 it shall be treated as having been made or allowed
5 to each individual filing such return.

6 “(g) ADVANCE REFUNDS AND CREDITS.—

7 “(1) IN GENERAL.—Each individual who was
8 an eligible individual for such individual’s first tax-
9 able year beginning in 2007 shall be treated as hav-
10 ing made a payment against the tax imposed by
11 chapter 1 for such first taxable year in an amount
12 equal to the advance refund amount for such taxable
13 year.

14 “(2) ADVANCE REFUND AMOUNT.—For pur-
15 poses of paragraph (1), the advance refund amount
16 is the amount that would have been allowed as a
17 credit under this section for such first taxable year
18 if this section (other than subsection (f) and this
19 subsection) had applied to such taxable year.

20 “(3) TIMING OF PAYMENTS.—The Secretary
21 shall, subject to the provisions of this title, refund
22 or credit any overpayment attributable to this sec-
23 tion as rapidly as possible. No refund or credit shall
24 be made or allowed under this subsection after De-
25 cember 31, 2008.

1 “(4) NO INTEREST.—No interest shall be al-
2 lowed on any overpayment attributable to this sec-
3 tion.”.

4 (b) TREATMENT OF POSSESSIONS.—

5 (1) MIRROR CODE POSSESSION.—The Secretary
6 of the Treasury shall make a payment to each pos-
7 session of the United States with a mirror code tax
8 system in an amount equal to the loss to that pos-
9 session by reason of the amendments made by this
10 section. Such amount shall be determined by the
11 Secretary of the Treasury based on information pro-
12 vided by the government of the respective possession.

13 (2) OTHER POSSESSIONS.—The Secretary of
14 the Treasury shall make a payment to each posses-
15 sion of the United States which does not have a mir-
16 ror code tax system in an amount estimated by the
17 Secretary of the Treasury as being equal to the ag-
18 gregate benefits that would have been provided to
19 residents of such possession by reason of the amend-
20 ments made by this section if a mirror code tax sys-
21 tem had been in effect in such possession. The pre-
22 ceding sentence shall not apply with respect to any
23 possession of the United States unless such posses-
24 sion has a plan, which has been approved by the
25 Secretary of the Treasury, under which such posses-

1 sion will promptly distribute such payment to the
2 residents of such possession.

3 (3) DEFINITIONS AND SPECIAL RULES.—

4 (A) POSSESSION OF THE UNITED
5 STATES.—For purposes of this subsection, the
6 term “possession of the United States” includes
7 the Commonwealth of Puerto Rico and the
8 Commonwealth of the Northern Mariana Is-
9 lands.

10 (B) MIRROR CODE TAX SYSTEM.—For pur-
11 poses of this subsection, the term “mirror code
12 tax system” means, with respect to any posses-
13 sion of the United States, the income tax sys-
14 tem of such possession if the income tax liabil-
15 ity of the residents of such possession under
16 such system is determined by reference to the
17 income tax laws of the United States as if such
18 possession were the United States.

19 (C) TREATMENT OF PAYMENTS.—For pur-
20 poses of section 1324(b)(2) of title 31, United
21 States Code, the payments under this sub-
22 section shall be treated in the same manner as
23 a refund due from the credit allowed under sec-
24 tion 6428 of the Internal Revenue Code of 1986
25 (as added by this section).

1 (c) APPROPRIATIONS TO CARRY OUT RECOVERY RE-
2 BATES.—

3 (1) IN GENERAL.—The following sums are
4 hereby appropriated, out of any money in the Treas-
5 ury not otherwise appropriated, for the fiscal year
6 ending September 30, 2008, to implement the provi-
7 sions of this section (including the amendments
8 made by this section):

9 (A) For an additional amount for “Depart-
10 ment of the Treasury—Financial Management
11 Service—Salaries and Expenses”, \$52,510,000,
12 to remain available until September 30, 2009.

13 (B) For an additional amount for “Depart-
14 ment of the Treasury—Internal Revenue Serv-
15 ice—Taxpayer Services”, \$48,920,000, to re-
16 main available until September 30, 2009.

17 (C) For an additional amount for “Depart-
18 ment of the Treasury—Internal Revenue Serv-
19 ice—Operations Support”, \$149,700,000, to re-
20 main available until September 30, 2009.

21 (2) REPORTS.—No later than 15 days after en-
22 actment of this Act, the Secretary of the Treasury
23 shall submit a plan to the Committees on Appropria-
24 tions of the House of Representatives and the Sen-
25 ate detailing the expected use of the funds provided

1 by this subsection. Beginning 90 days after enact-
2 ment of this Act, the Secretary of the Treasury shall
3 submit a quarterly report to the Committees on Ap-
4 propriations of the House of Representatives and the
5 Senate detailing the actual expenditure of funds pro-
6 vided by this subsection and the expected expendi-
7 ture of such funds in the subsequent quarter.

8 (d) CONFORMING AMENDMENTS.—

9 (1) Paragraph (2) of section 1324(b) of title
10 31, United States Code, is amended by inserting “or
11 6428” after “section 35”.

12 (2) Paragraph (1) of section 1(i) of the Internal
13 Revenue Code of 1986 is amended by striking sub-
14 paragraph (D).

15 (3) The item relating to section 6428 in the
16 table of sections for subchapter B of chapter 65 of
17 such Code is amended to read as follows:

“Sec. 6428. 2008 recovery rebates for individuals.”.

18 **SEC. 102. TEMPORARY INCREASE IN LIMITATIONS ON EX-**
19 **PENSING OF CERTAIN DEPRECIABLE BUSI-**
20 **NESS ASSETS.**

21 (a) IN GENERAL.—Subsection (b) of section 179 of
22 the Internal Revenue Code of 1986 (relating to limita-
23 tions) is amended by adding at the end the following new
24 paragraph:

1 (4) by striking “January 1, 2006” each place
2 it appears and inserting “January 1, 2010”.

3 (b) 50 PERCENT ALLOWANCE.—Subparagraph (A) of
4 section 168(k)(1) of such Code is amended by striking “30
5 percent” and inserting “50 percent”.

6 (c) CONFORMING AMENDMENTS.—

7 (1) Subclause (I) of section 168(k)(2)(B)(i) of
8 such Code is amended by striking “and (iii)” and in-
9 serting “(iii), and (iv)”.

10 (2) Subclause (IV) of section 168(k)(2)(B)(i) of
11 such Code is amended by striking “clauses (ii) and
12 (iii)” and inserting “clause (iii)”.

13 (3) Clause (i) of section 168(k)(2)(C) of such
14 Code is amended by striking “and (iii)” and insert-
15 ing “, (iii), and (iv)”.

16 (4) Clause (i) of section 168(k)(2)(F) of such
17 Code is amended by striking “\$4,600” and inserting
18 “\$8,000”.

19 (5)(A) Subsection (k) of section 168 of such
20 Code is amended by striking paragraph (4).

21 (B) Clause (iii) of section 168(k)(2)(D) of such
22 Code is amended by striking the last sentence.

23 (6) Paragraph (4) of section 168(l) of such
24 Code is amended by redesignating subparagraphs
25 (A), (B), and (C) as subparagraphs (B), (C), and

1 (D) and inserting before subparagraph (B) (as so
2 redesignated) the following new subparagraph:

3 “(A) BONUS DEPRECIATION PROPERTY
4 UNDER SUBSECTION (K).—Such term shall not
5 include any property to which section 168(k)
6 applies.”.

7 (7) Paragraph (5) of section 168(l) of such
8 Code is amended—

9 (A) by striking “September 10, 2001” in
10 subparagraph (A) and inserting “December 31,
11 2007”, and

12 (B) by striking “January 1, 2005” in sub-
13 paragraph (B) and inserting “January 1,
14 2009”.

15 (8) Subparagraph (D) of section 1400L(b)(2)
16 of such Code is amended by striking “January 1,
17 2005” and inserting “January 1, 2010”.

18 (9) Paragraph (3) of section 1400N(d) of such
19 Code is amended—

20 (A) by striking “September 10, 2001” in
21 subparagraph (A) and inserting “December 31,
22 2007”, and

23 (B) by striking “January 1, 2005” in sub-
24 paragraph (B) and inserting “January 1,
25 2009”.

1 (10) Paragraph (6) of section 1400N(d) of such
2 Code is amended by adding at the end the following
3 new subparagraph:

4 “(E) EXCEPTION FOR BONUS DEPRECIATION
5 PROPERTY UNDER SECTION 168(K).—The
6 term ‘specified Gulf Opportunity Zone extension
7 property’ shall not include any property to
8 which section 168(k) applies.”.

9 (11) The heading for subsection (k) of section
10 168 of such Code is amended—

11 (A) by striking “SEPTEMBER 10, 2001”
12 and inserting “DECEMBER 31, 2007”, and

13 (B) by striking “JANUARY 1, 2005” and
14 inserting “JANUARY 1, 2009”.

15 (12) The heading for clause (ii) of section
16 168(k)(2)(B) of such Code is amended by striking
17 “PRE-JANUARY 1, 2005” and inserting “PRE-JANU-
18 ARY 1, 2009”.

19 (d) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to property placed in service after
21 December 31, 2007, in taxable years ending after such
22 date.

1 **TITLE II—HOUSING GSE AND**
2 **FHA LOAN LIMITS**

3 **SEC. 201. TEMPORARY CONFORMING LOAN LIMIT IN-**
4 **CREASE FOR FANNIE MAE AND FREDDIE**
5 **MAC.**

6 (a) INCREASE OF HIGH COST AREAS LIMITS FOR
7 HOUSING GSEs.—For mortgages originated during the
8 period beginning on July 1, 2007, and ending at the end
9 of December 31, 2008:

10 (1) FANNIE MAE.—With respect to the Federal
11 National Mortgage Association, notwithstanding sec-
12 tion 302(b)(2) of the Federal National Mortgage As-
13 sociation Charter Act (12 U.S.C. 1717(b)(2)), the
14 limitation on the maximum original principal obliga-
15 tion of a mortgage that may be purchased by the
16 Association shall be the higher of—

17 (A) the limitation for 2008 determined
18 under such section 302(b)(2) for a residence of
19 the applicable size; or

20 (B) 125 percent of the area median price
21 for a residence of the applicable size, but in no
22 case to exceed 175 percent of the limitation for
23 2008 determined under such section 302(b)(2)
24 for a residence of the applicable size.

1 (2) FREDDIE MAC.—With respect to the Fed-
2 eral Home Loan Mortgage Corporation, notwith-
3 standing section 305(a)(2) of the Federal Home
4 Loan Mortgage Corporation Act (12 U.S.C.
5 1454(a)(2)), the limitation on the maximum original
6 principal obligation of a mortgage that may be pur-
7 chased by the Corporation shall be the higher of—

8 (A) the limitation determined for 2008
9 under such section 305(a)(2) for a residence of
10 the applicable size; or

11 (B) 125 percent of the area median price
12 for a residence of the applicable size, but in no
13 case to exceed 175 percent of the limitation de-
14 termined for 2008 under such section 305(a)(2)
15 for a residence of the applicable size.

16 (b) DETERMINATION OF LIMITS.—The areas and
17 area median prices used for purposes of the determina-
18 tions under subsection (a) shall be the areas and area me-
19 dian prices used by the Secretary of Housing and Urban
20 Development in determining the applicable limits under
21 section 202 of this title.

22 (c) RULE OF CONSTRUCTION.—A mortgage origi-
23 nated during the period referred to in subsection (a) that
24 is eligible for purchase by the Federal National Mortgage
25 Association or the Federal Home Loan Mortgage Corpora-

1 tion pursuant to this section shall be eligible for such pur-
2 chase for the duration of the term of the mortgage, not-
3 withstanding that such purchase occurs after the expira-
4 tion of such period.

5 (d) EFFECT ON HOUSING GOALS.—Notwithstanding
6 any other provision of law, mortgages purchased in ac-
7 cordance with the increased maximum original principal
8 obligation limitations determined pursuant to this section
9 shall not be considered in determining performance with
10 respect to any of the housing goals established under sec-
11 tion 1332, 1333, or 1334 of the Housing and Community
12 Development Act of 1992 (12 U.S.C. 4562–4), and shall
13 not be considered in determining compliance with such
14 goals pursuant to section 1336 of such Act (12 U.S.C.
15 4566) and regulations, orders, or guidelines issued there-
16 under.

17 (e) SENSE OF CONGRESS.—It is the sense of the Con-
18 gress that the securitization of mortgages by the Federal
19 National Mortgage Association and the Federal Home
20 Loan Mortgage Corporation plays an important role in
21 providing liquidity to the United States housing markets.
22 Therefore, the Congress encourages the Federal National
23 Mortgage Association and the Federal Home Loan Mort-
24 gage Corporation to securitize mortgages acquired under
25 the increased conforming loan limits established in this

1 section, to the extent that such securitizations can be ef-
2 fected in a timely and efficient manner that does not im-
3 pose additional costs for mortgages originated, purchased,
4 or securitized under the existing limits or interfere with
5 the goal of adding liquidity to the market.

6 **SEC. 202. TEMPORARY LOAN LIMIT INCREASE FOR FHA.**

7 (a) INCREASE OF HIGH-COST AREA LIMIT.—For
8 mortgages for which the mortgagee has issued credit ap-
9 proval for the borrower on or before December 31, 2008,
10 subparagraph (A) of section 203(b)(2) of the National
11 Housing Act (12 U.S.C. 1709(b)(2)(A)) shall be consid-
12 ered (except for purposes of section 255(g) of such Act
13 (12 U.S.C. 1715z–20(g))) to require that a mortgage shall
14 involve a principal obligation in an amount that does not
15 exceed the lesser of—

16 (1) in the case of a 1-family residence, 125 per-
17 cent of the median 1-family house price in the area,
18 as determined by the Secretary; and in the case of
19 a 2-, 3-, or 4-family residence, the percentage of
20 such median price that bears the same ratio to such
21 median price as the dollar amount limitation deter-
22 mined for 2008 under section 305(a)(2) of the Fed-
23 eral Home Loan Mortgage Corporation Act (12
24 U.S.C. 1454(a)(2)) for a 2-, 3-, or 4-family resi-
25 dence, respectively, bears to the dollar amount limi-

1 tation determined for 2008 under such section for a
2 1-family residence; or

3 (2) 175 percent of the dollar amount limitation
4 determined for 2008 under such section 305(a)(2)
5 for a residence of the applicable size (without regard
6 to any authority to increase such limitation with re-
7 spect to properties located in Alaska, Guam, Hawaii,
8 or the Virgin Islands);

9 except that the dollar amount limitation in effect under
10 this subsection for any size residence for any area shall
11 not be less than the greater of (A) the dollar amount limi-
12 tation in effect under such section 203(b)(2) for the area
13 on October 21, 1998; or (B) 65 percent of the dollar
14 amount limitation determined for 2008 under such section
15 305(a)(2) for a residence of the applicable size. Any ref-
16 erence in this subsection to dollar amount limitations in
17 effect under section 305 (a)(2) of the Federal Home Loan
18 Mortgage Corporation Act means such limitations as in
19 effect without regard to any increase in such limitation
20 pursuant to section 201 of this title.

21 (b) DISCRETIONARY AUTHORITY.—If the Secretary
22 of Housing and Urban Development determines that mar-
23 ket conditions warrant such an increase, the Secretary
24 may, for the period that begins upon the date of the enact-
25 ment of this Act and ends at the end of the date specified

1 in subsection (a), increase the maximum dollar amount
2 limitation determined pursuant to subsection (a) with re-
3 spect to any particular size or sizes of residences, or with
4 respect to residences located in any particular area or
5 areas, to an amount that does not exceed the maximum
6 dollar amount then otherwise in effect pursuant to sub-
7 section (a) for such size residence, or for such area (if
8 applicable), by not more than \$100,000.

9 (c) PUBLICATION OF AREA MEDIAN PRICES AND
10 LOAN LIMITS.—The Secretary of Housing and Urban De-
11 velopment shall publish the median house prices and mort-
12 gage principal obligation limits, as revised pursuant to this
13 section, for all areas as soon as practicable, but in no case
14 more than 30 days after the date of the enactment of this
15 Act. With respect to existing areas for which the Secretary
16 has not established area median prices before such date
17 of enactment, the Secretary may rely on existing commer-
18 cial data in determining area median prices and calcu-
19 lating such revised principal obligation limits.